

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** GRACE SEAMAN

**DATE:** JUNE 30, 2016

**RE:** CABLE ONE, INC'S 2014 BROADBAND EQUIPMENT TAX CREDIT  
APPLICATION; CASE NO. GNR-T-15-04.

### BACKGROUND

In 2001, House Bill 377 was enacted authorizing income tax credit for the installation of qualifying broadband infrastructure in Idaho. *Idaho Code* § 63-3029B(3)(a)(ii). In particular, Section 63-3029I allows a taxpayer to receive an investment tax credit for eligible broadband equipment installed during a calendar year.

Qualified broadband equipment is defined as "those network facilities capable of transmitting signals at a rate of at least 200,000 bits per seconds (bps) to a subscriber and at least 125,000 bps from a subscriber." *Idaho Code* § 63-3029I(3)(b). If the equipment is installed by a cable or open video system operator, the qualifying equipment must "extend from the subscriber's side of the headend to the outside of the structure in which the subscriber is located." *Idaho Code* § 63-3029I(3)(b)(iii). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Procedural Order No. 28784 and *Idaho Code* § 63-3029I(4). Once the Commission has determined the installed equipment is eligible for the broadband equipment tax credit, an order along with the original Application is forwarded to the Idaho Tax Commission.

## THE APPLICATION

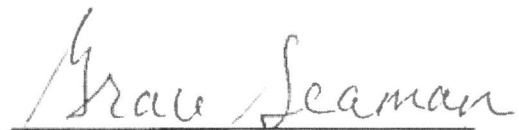
On June 8, 2015, the Commission received an Application from Cable One, Inc. ("Cable One" or "Company") seeking approval of equipment for the broadband tax credit installed during calendar year 2014. The Company submitted revisions to the Application on July 13, 2015 and June 3, 2016. The delay between revisions was due to changes with company personnel. In the Application, Cable One states that it installed equipment associated with the Hybrid Coax Network ("HFC") using fiber optic and coaxial cable facilities. The Company asserts that its broadband network is capable of transmission rates of up to 50 Mbps and that approximately 99.9% of its customers have access to this service. During 2014, Cable One states that it invested approximately \$7 million in qualifying broadband equipment in the Twin Falls, Lewiston, Pocatello, Idaho Falls, Boise, and West Valley areas.

## STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Cable One and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Staff also believes that the expenditures identified by the Company, meets the requirements as defined for an open cable or open video system provider as described in *Idaho Code* § 63-3029I(3)(b)(iii). Staff, therefore, recommends that the Commission issue an Order confirming the equipment is qualified broadband equipment and forward the approving Order along with the a copy of the amended Application to the Idaho Tax Commission.

## COMMISSION DECISION

Does the Commission wish to issue an order confirming the equipment identified in Case No. GNR-T-15-04 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b)(iii), and forward it to the Idaho Tax Commission?



Grace Seaman